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Rewald CIA Defense Called 'Just One More Lie'

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Ronald Rewald's claim of being a CIA agent is just one more lie Rewald has told in order to steal millions of dollars from investors, a federal court jury was told this morning.

Assistant U.S. Attorney John Peyton described Rewald as a man who has lied to virtually everyone. The pattern of lies began long before Rewald came to Hawaii in 1978 and before he began to blame the CIA for his misfortune.

Peyton's remarks came during the government's closing argument after 11 weeks of trial. Rewald is on trial on 98 counts of fraud, perjury and tax evasion in connection with his investment scheme.

Throughout Peyton's lengthy presentations, Rewald kept his head lowered while he took notes on a yellow legal pad.

U.S. Judge Harold Fong's courtroom was packed with spectators wanting to catch the final hours of one of the state's most heavily publicized trials.

Peyton constantly reminded the jury to question Rewald's allegations that the CIA was responsible for the lies and misrepresentations Rewald made to hundreds of investors.

Peyton described how Rewald constantly changed his story about what Bishop, Baldwin, Rewald, Dillingham & Wong did and how investments were made. Rewald at times told investors a "William Dillingham" was part of the firm and later that a "Randall Dillingham" was. In fact, there never was a Dillingham, Bishop or Baldwin associated with the firm.

HE SAID REWALD lied about investments being insured by the Federal Deposit Insurance Corp., about the history of the company and about his personal background. Along with the lies, Peyton said Rewald also failed to tell investors pertinent information about himself: that he had been convicted for theft in Wisconsin, that he never actually played professional football and that he had gone bankrupt.

He said Rewald also lied about his connections to the CIA and about being directed by the CIA to set up BBRD&W.

Although Rewald claims now that the CIA provided him with fake Marquette University diplomas, Rewald had the same diplomas in Wisconsin, long before his involvement with the CIA occurred in Hawaii.

Peyton told the jury to question the defense contention that the CIA put more than \$3,000 for telex and telephone expenses into the company.

"If there is any contention that money was coming from somewhere (other than the investors), where is the evidence?" Peyton said. He said the purpose of Rewald's scheme was to make money for him to spend on himself. Of the \$21 million brought in by investors, Rewald spent \$5.5 million on himself, Peyton said.

"All of this money was spent for the CIA?" Peyton asked.

PEYTON CONCEDED that the CIA had made three "serious mistakes" in dealing with Rewald.

One was the failure to do a complete background check on Rewald when he began to provide "light cover" for the agency.

Failing in that, the CIA compounded the problem by having the CIA Honolulu field office chief Jack Kindschi write an assessment of Rewald. Instead of performing a professional check, Kindschi wrote a glowing report on Rewald, using all of the misrepresentations Rewald supplied.

The third mistake was that the

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CIA supplied Rewald with three cover stories on how to handle his tax problems, Peyton said.

Peyton said the defense will try to use those "serious errors in judgment" to relieve Rewald of any responsibility of stealing investors' money.

Peyton said the CIA was as much a victim of Rewald as anyone else.

Brian Tamanaha, deputy federal public defender, was expected to make the closing argument for Rewald this afternoon. After that, prosecutor Ted Greenberg was to finish the government's closing remarks.

Judge Fong said the jury will hear about two hours of instructions before it begins deliberation.

None of the 18 people who sat in the jury box for more than two months knew if he or she was a juror or an alternate. After the closing arguments are completed, Judge Fong was to dismiss the six alternate jurors.

Jurors watched a number of former CIA agents take the stand and describe their association with Rewald. They saw one agent, Kindschi, break down in tears as he described how his mother lost her life savings to Rewald.

They saw former CIA office chief Jack Rardin get choked up when he described how he was reprimanded for his handling of Rewald. Rardin said it was the only "black spot" on his 30-year CIA record.